

GCC Markets Monthly Report

March-2018

In this Report...

Kuwait	2
Saudi Arabia	3
Abu Dhabi	4
Dubai	5
Qatar	6
Bahrain	7
Oman	8

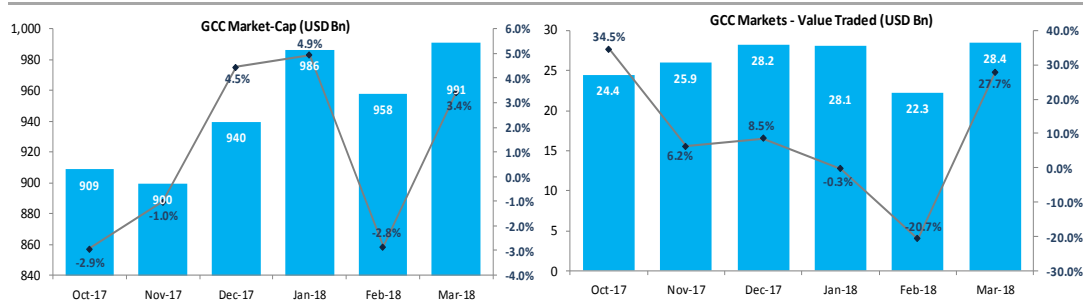
Saudi defies global downtrend on FTSE upgrade while rest of the GCC declines...

Global equity markets declined during March-18 with all the key financial markets recording negative returns for the month. However, Saudi Arabia had the best monthly performance since June-17 with the TASI up 6.1% on investor enthusiasm surrounding the FTSE upgrade. As expected, the index compiler upgraded Saudi Arabia to the Emerging Market status, which is expected to attract USD 5.5 Bn in passive index-linked funds, in addition to an even larger flow of capital from actively managed funds. The surge in TASI pushed the monthly returns for the overall GCC index by almost 5% during March-18, further raising Q1-18 gains to 8%, primarily on the back of 8.9% returns for TASI.

On the other hand, the rest of the GCC markets declined in March-18, partly due to dividend declarations during the month further pressured by weakening fundamentals in consumer-specific sectors like consumer staples, consumer durables and services and insurance, especially in the UAE. The Real Estate sector was also one of the worst performers during the year with a decline of almost 10%. Weak demand trends in UAE real estate markets pushed the DFMGI down by 4.2% during the month making it the worst performing market during the year with a decline of 7.8%. In Qatar, the raising of foreign ownership limits had minimal impact on the benchmark QE20 index that was down 1% during the month, although this was also due to dividend declarations, as seen from the 1.5% positive monthly return for the Qatar Exchange Total Return Index.

Meanwhile, banks in the region have performed positively since the start of the year supported by resilient earnings and improving fundamentals on the economic front. This performance was reflected in the almost 20% or higher returns for some of the larger banks in the region, including First Abu Dhabi Bank, NCB, ENBD and Al Rajhi.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x) TTM	P/B (x) TTM	Div. Yield
Kuwait - Weighted Index	415.8	0.4%	3.6%	93.2	752.4	14.5	1.2	4.3%
Kuwait - 15 Index	971.1	1.4%	6.1%					
Kuwait - Price Index	6,633.4	(2.1%)	3.5%					
Saudi Arabia	7,870.9	6.1%	8.9%	499.5	23,348.4	16.1	1.8	4.1%
Abu Dhabi	4,585.4	(0.3%)	4.3%	136.0	790.1	11.7	1.3	6.0%
Dubai	3,108.5	(4.2%)	(7.8%)	102.3	1,514.1	8.7	1.1	6.5%
Qatar	8,574.0	(0.9%)	0.6%	129.2	1,770.9	12.2	1.1	4.7%
Bahrain	1,318.4	(3.8%)	(1.0%)	19.9	97.6	9.5	0.8	5.5%
Oman	4,773.5	(4.6%)	(6.4%)	10.7	160.0	10.8	0.8	6.0%
Total GCC				990.8	28,433.6	13.4	1.4	4.7%



Faisal Hasan, CFA

Head - Investment Research

+(965) 2233 6907

faisal.hasan@kamconline.com

Junaid Ansari

Assistant Vice President

+(965) 2233 6912

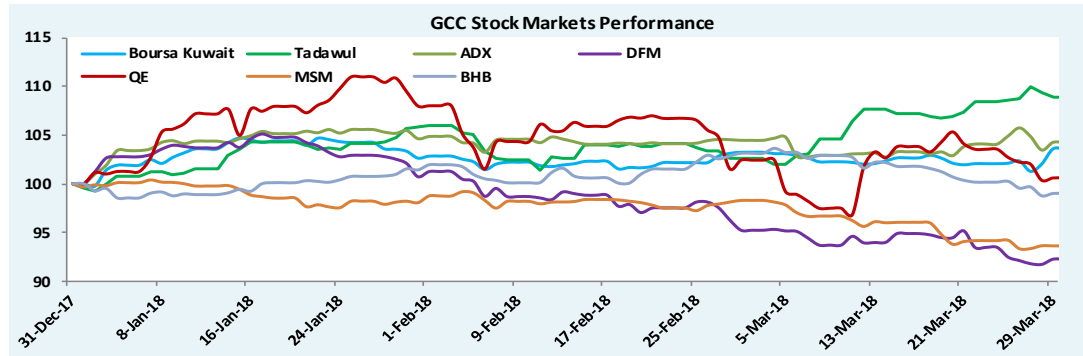
junaid.ansari@kamconline.com

Thomas Mathew

Assistant Vice President

+(965) 2233 6914

thomas.mathew@kamconline.com



Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

Monthly Indicators	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Price Index	6,843.0	6,785.4	6,762.8	6,851.6	6,892.1	6,679.7	6,513.8	6,196.5	6,408.0	6,687.8	6,772.8	6,633.4
Monthly % Change	(2.7%)	(0.8%)	(0.3%)	1.3%	0.6%	(3.1%)	(2.5%)	(4.9%)	3.4%	4.4%	1.3%	(2.1%)
Weighted Index	408.3	404.5	399.3	413.29	430.57	430.70	419.91	398.78	401.42	411.98	413.98	415.78
Monthly % Change	(1.2%)	(0.9%)	(1.3%)	3.5%	4.2%	0.0%	(2.5%)	(5.0%)	0.7%	2.6%	0.5%	0.4%
Kuwait 15 Index	919.4	915.8	910.1	943.2	984.9	997.4	967.8	908.5	914.9	940.8	958.0	971.1
Monthly % Change	(1.5%)	(0.4%)	(0.6%)	3.6%	4.4%	1.3%	(3.0%)	(6.1%)	0.7%	2.8%	1.8%	1.4%
Market Cap (KWD Mn)	28,008	27,656	27,257	28,187	29,362	29,349	28,493	27,044	27,243	27,973	28,036	28,158
P/E (X) - TTM	16.01	15.90	15.60	16.20	15.84	15.87	15.44	14.64	14.80	14.40	14.48	14.55
P/BV (X) - TTM	1.24	1.23	1.22	1.26	1.29	1.29	1.26	1.20	1.20	1.22	1.22	1.23
Dividend Yield (%)	3.76%	4.02%	4.09%	4.70%	4.34%	4.34%	4.51%	4.75%	4.72%	4.75%	4.34%	4.31%
Volume (Mn Shares)	5,907.0	2,733.9	734.5	1,821.6	1,733.3	2,074.5	2,478.5	1,681.0	1,238.8	2,613.4	1,316.2	1,156.4
Value (KD Mn)	517.5	301.0	150.8	300.5	320.4	426.2	465.8	327.6	192.5	322.9	207.3	227.3
Trades ('000)	115.9	75.6	32.6	67.5	70.3	71.9	86.4	71.7	52.8	93.3	54.5	55.4

Source: Kuwait Stock Exchange, KAMCO Research

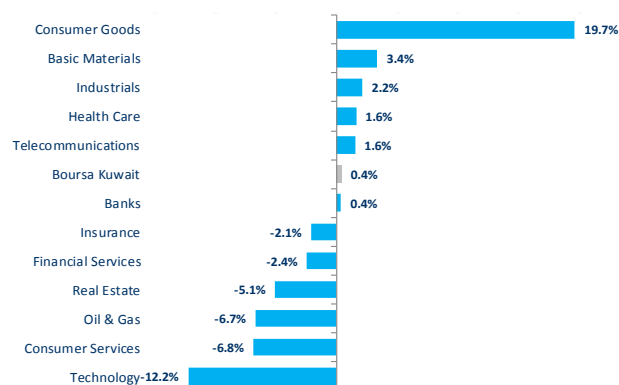
KSE price index declined by 2.1% during March-18 following declining trends in key large cap sectors. The weakness was broad-based that was evident from the almost flat return for the Kuwait Weighted Index. That said, the large-cap Kuwait-15 index recorded a gain of 1.4% supported by surge in shares of Viva Kuwait (especially on the last day of the month and declined on the following day), Ahli Bank (+8.1%), NBK (+4.2%) and Humansoft (+5.8%). In terms of YTD-18 performance, all the three Kuwaiti indices continue to remain in the green.

The monthly sector performance chart was topped by the Consumer Goods index that surged 19.7% solely on the back of gain in shares of Americana that surged 36.7% during the month, topping the monthly gainers chart, while the other three stocks recorded negative returns for the month. The Basic Materials index was the second-best performing index with a gain of 3.4% led primarily by 8.5% surge in shares of Boubyan Petrochemicals. The banking index was almost flat as the positive returns for NBK and ABK were offset by decline in shares of most of the other banking stocks. On the other hand, the decliners side was led by the Technology index with a decline of 12.2%, followed by Consumer Services and Oil & Gas indices with declines of 6.8% and 6.7%, respectively. The Real Estate index was also one of the decliners with a fall of 5.1% during the month.

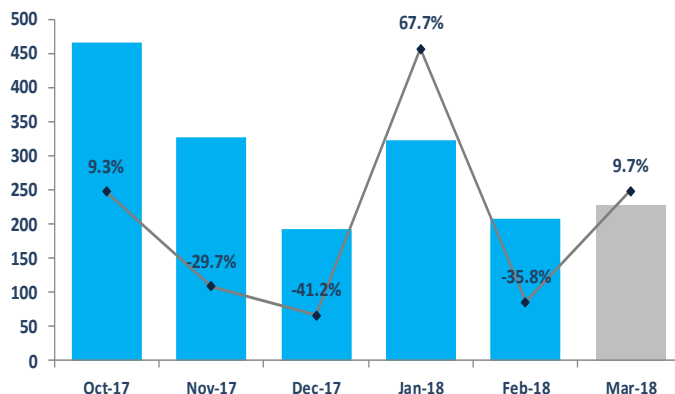
On the regulatory front, Boursa Kuwait underwent significant changes by the end of the month with the implantation of planned changes under the MD2 (Market Development Phase 2) including the changes to market segmentation, new circuit breakers and trade rules. The closing of the month also saw FTSE announcing a tentative list of 10 Kuwaiti stocks that will be included in its Emerging Market index in two phases in September-18 and December-18 with a projected weight 0.4% in the index.

Trading activity recovered during the month after witnessing a steep decline during February-18. The recovery was backed by higher trades in large-cap stocks resulting in 10% growth in monthly value traded that reached KWD 227.3 Mn as compared to KWD 207.3 Mn during the pervious month. On the other hand, volumes traded continued to decline during the month, falling by 12% to 1.2 Bn shares as compared to 1.3 Bn shares in the previous month. NBK topped the monthly value traded chart recording trades worth KWD 44.3 Mn, followed by KFH and Zain with KWD 32.3 Mn and KWD 20.1 Mn worth of shares changing hands during the month. The monthly gainers chart was topped by Americana with a return of 36.7% with minimal trades in the stock, followed by Jiyad Holding and Viva with returns of 25.3% and 19.0%, respectively. On the decliners chart, Sultan Center topped with a decline of 56.9% followed by Gulf Investment House and Hilal Cement with declines of 40% and 33.7%, respectively. The monthly market breadth was heavily skewed towards decliners that included 98 stocks as against 46 gainers.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Tadawul All Share Index	7,013.5	6,871.2	7,425.7	7,094.2	7,258.6	7,283.0	6,934.4	7,004.0	7,226.3	7,650.1	7,418.8	7,870.9
Monthly % Change	0.2%	(2.0%)	8.1%	(4.5%)	2.3%	0.3%	(4.8%)	1.0%	3.2%	5.9%	(3.0%)	6.1%
Market Cap (SAR Bn)	1,647.0	1,624.2	1,766.4	1,685.4	1,718.4	1,724.0	1,636.2	1,660.8	1,692.1	1,795.2	1,749.3	1,873.2
P/E (X) - TTM	14.56	14.09	15.10	14.51	15.33	15.41	14.41	14.81	14.81	16.34	15.04	16.12
P/BV (X) - TTM	1.74	1.73	1.85	1.64	1.68	1.68	1.60	1.62	1.62	1.76	1.67	1.75
Dividend Yield (%)	4.26%	4.25%	4.20%	4.35%	4.23%	4.26%	4.47%	4.42%	4.42%	3.87%	3.99%	4.06%
Volume (Mn Shares)	3,245.1	4,143.2	2,904.3	2,909.1	2,858.3	2,022.8	3,087.0	4,022.7	4,965.8	4,409.2	3,065.6	3,570.2
Value (SAR Mn)	61,469.4	64,660.0	54,726.7	60,510.4	60,185.1	49,899.8	66,564.1	75,240.4	87,409.8	82,079.2	67,740.7	87,560.8
Trades ('000)	1,698	1,547	929	1,639	1,873	1,167	1,735	1,979	2,352	2,204	1,925	2,180

Source: Tadawul, KAMCO Research

Saudi Arabia benchmark recorded the best monthly performance during March-18 with the TASI surging 6.1% on the back of investor enthusiasm surrounding the FTSE upgrade. The month saw increased buying in key large-cap stocks that have the possibility to be included in the FTSE Secondary Market Index. According to the index compiler, USD 5.5 Bn in passive funds are expected to flow to Saudi market after the upgrade that will start in 2019. The Kingdom is expected to attract an even higher inflow of capital once the foreign ownership limits are gradually raised in line with GCC neighbors. The enthusiasm is expected to continue to remain high as the MSCI decision would be announced by June-18, that would further boost the Kingdom's attractiveness in the GCC.

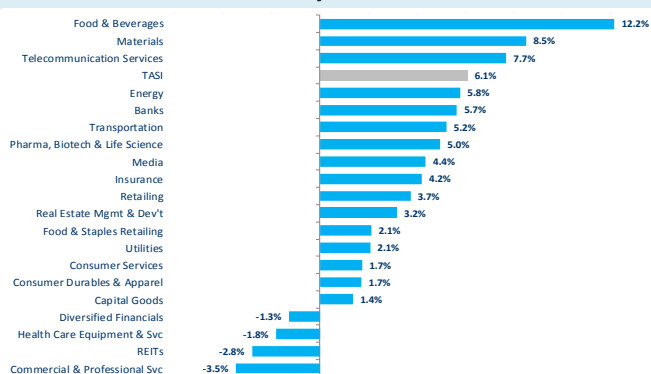
Trading activity during the month witnessed a huge improvement and reached the highest level in 14 months. Total monthly value of stocks traded during the month reached SAR 87.6 Bn, the highest level since January-17, increasing by almost a third as compared to February-18. Volume of shares traded during the month was also up but at a slightly lower pace of 16.5% to reach 3.6 Bn shares as compared to 3.1 Bn shares during February-18. SABIC topped the monthly value traded chart with SAR 12.4 Bn worth of shares changing hands during the month. Alinma Bank was second on both the value and volume charts with 557.5 Mn shares traded during the month worth SAR 11.1 Bn. In terms of monthly volumes, Dar Al Arkan Real Estate topped the list with 679 Mn shares traded during the month.

The monthly gainers chart was topped by Saudi Steel Pipes Co. recording a gain of 37.6%, after the company reported a profit of SAR 19.1 Mn for 2017 as compared to a loss of SAR 45.1 Mn during 2016. Dar Al Arkan Real Estate was the second biggest gainer during the month with a surge of 28.4% after the company's reported profits for 2017 more than doubled to SAR 553.4 Mn. National Petrochemicals Co. and Budget Saudi also featured on the gainers chart with gains of 23.6% and 23.0%, respectively. The monthly decliners chart primarily included insurance companies and REIT funds. The list was topped by Malath Cooperative Insurance with a decline of 17.5%, followed by Wafra and Salama with declines of 15.7% and 14.8%, respectively. Derayah REIT Fund and Alrajhi REIT Fund declined by 14.6% and 9.9%, respectively.

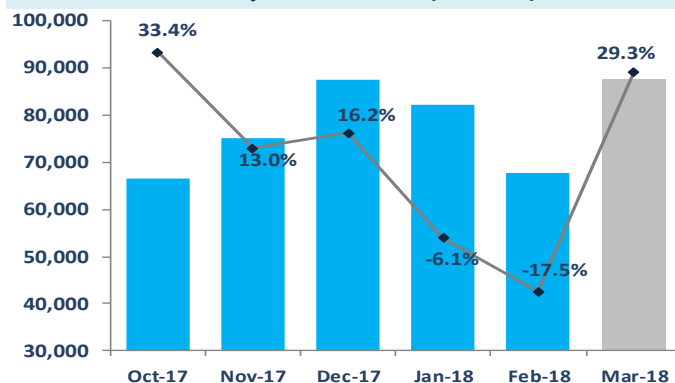
Full year earnings for the exchange remained resilient with a growth of 12% to reach SAR 105.1 Bn as compared to SAR 93.5 Bn for 2016. The growth was primarily on the back of Food & Beverage sector that grew earnings by 68%, further supported by Energy sector (+24.8%), Materials (+9.0%) and Bank (+9%). The increase in interest rates in the US in March-18 that was followed by Saudi Arabia raising REPO rates by 25 bps is expected to have a positive impact on banking earnings in Saudi Arabia that would help in containing capital outflows thereby improving liquidity in the Saudi banking system.

On the regulatory front, the Saudi CMA is reportedly working on the price stabilization guidelines before the listing of Aramco in order to avoid steep drop in shares of newly-listed companies. These changes are expected to be implemented by the end of June-18. The regulator is also working on dual-listing guidelines that will be sent for recommendation in early 2019.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
ADX General Index	4,522.6	4,427.3	4,425.4	4,566.2	4,468.4	4,397.4	4,479.6	4,283.1	4,398.4	4,602.2	4,597.7	4,585.4
Monthly % Change	1.8%	(2.1%)	(0.0%)	3.2%	(2.1%)	(1.6%)	1.9%	(4.4%)	2.7%	4.6%	(0.1%)	(0.3%)
Market Cap (AED Bn)	467.7	460.5	456.1	467.2	461.9	450.8	459.8	438.7	485.8	508.1	503.4	499.7
P/E (X) - TTM	10.61	10.33	10.30	11.40	11.36	11.18	11.11	10.89	11.12	11.54	11.63	11.71
P/BV (X) - TTM	1.54	1.49	1.49	1.58	1.57	1.55	1.57	1.51	1.54	1.59	1.26	1.26
Dividend Yield (%)	5.26%	5.47%	5.46%	5.32%	5.41%	5.46%	5.38%	5.58%	5.46%	5.94%	6.01%	6.02%
Volume (Mn Shares)	1,552.8	1,441.2	2,999.9	1,737.6	1,215.8	2,350.9	1,976.9	1,063.7	1,354.8	1,276.2	1,026.9	1,305.5
Value (AED Mn)	3,286.6	3,619.2	3,745.1	3,245.0	2,463.8	4,094.4	4,419.0	2,517.2	2,522.6	3,186.1	2,348.6	2,902.3
Trades	24,726	22,671	30,718	23,185	18,124	24,571	23,607	18,355	19,576	23,586	17,775	20,106

Source: Abu Dhabi Securities Exchange, KAMCO Research

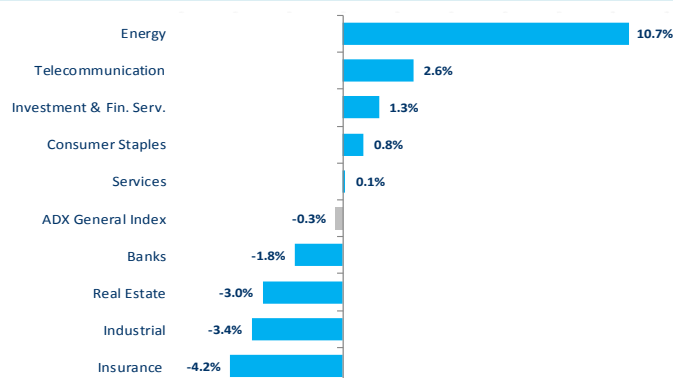
The ADX index remained broadly range bound in Mar-18, similar to Feb-18, as the index marginally declined by 0.3% m-o-m. The index closed at 4585.4 points as sectoral performance was mixed for the month. The Energy sector was the best performing index, as the index was up by 10.7% m-o-m, driven by a 22.7% jump in the share price of Dana Gas. Telecoms (+2.6% m-o-m) and Investment & Financial Services (+1.3% m-o-m) indices followed the sectoral gainers list. Etisalat drove the increase in Telecoms as the stock gained by 2.6% m-o-m, while Waha capital (+1.4%) was responsible for the gains in the Investment & Financial Services index. The Insurance index was the main laggard as it went down by 4.2% m-o-m, led by declines of Abu Dhabi National Insurance (-11.2%) and Emirates Insurance (-6.7%). Industrials was also down in Mar-18 led by over 12% declines each in stock prices of Ras Al Khaimah Ceramic and Arkan Building Materials. The Real Estate index declined by 3.0% m-o-m, driven by a 1.4% fall in large cap Aldar's share price, while Ras Al Khaimah Properties declined by 17.1% m-o-m.

In full year earnings releases for 2017, Dana Gas reported a gross revenue and net profit of AED 1.65 Bn and AED 305 Mn for 2017, as compared to AED 1.44 Bn and net loss of AED 323 Mn respectively in 2016. The higher revenues and net profits were driven by higher realised liquid prices, higher production in Egypt, better expense management and was also supported by the successful settlement agreement with the Kurdistan Regional Government. Average production for the group in 2017 increased to 67,600 barrels of oil equivalent per day (boepd), up 1% from 67,050 boepd in 2016. Other Energy Index constituent, TAQA reported a net profit of AED 160 Mn for 2017, as the oil and gas business was aided by higher hydrocarbon prices, cost efficiencies, and the power and water business continued to deliver strong income. TAQA's total revenues stood at AED 16.7 Bn in 2017, an increase of 4% y-o-y from 2016.

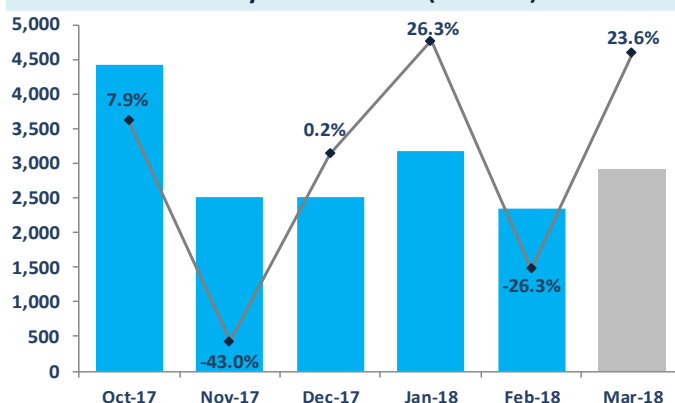
Union Cement topped the monthly gainers chart with a gain of 36.0% m-o-m followed by Dana GAs and Fujairah Cement with gains of 22.7% and 14.7% respectively. On the decliners side, the top two companies were United Arab Bank and Commercial Bank International with declines of 22.8% and 19.1%, respectively. Trading activity grew however as traded volumes went up by 27.1% m-o-m in Mar-18 to reach 1.3 Mn shares as compared to 1.0 Mn in Feb-18. Value traded also went up by 23.6% m-o-m to reach AED 2.9 Bn in Mar-18 as compared to AED 2.4 Bn in Feb-18. In terms of most actively traded stocks, First Abu Dhabi Bank led all stocks in terms of value traded, with AED 559 Mn worth of shares traded during Mar-18. Aldar and Etisalat followed as AED 396 Mn and AED 357 Mn worth of shares were traded respectively. Dana Gas led the most active stocks list in terms of volumes traded, as 320 Mn shares were traded on the exchange. Ras Al Khaimah Properties and Aldar followed with 204 Mn and 179 Mn shares traded during Mar-18.

Developer Aldar signed a JV deal with Dubai's Emaar Properties to develop local and international projects worth AED 30 Bn. The JV is expected to focus on two projects initially - Saadiyat Grove in Abu Dhabi's Saadiyat Island and Emaar Beachfront near Jumeirah Beach residences.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
DFM General Index	3,414.9	3,339.4	3,392.0	3,633.2	3,637.6	3,564.0	3,635.9	3,420.2	3,370.1	3,394.4	3,244.1	3,108.5
Monthly % Change	(1.9%)	(2.2%)	1.6%	7.1%	0.1%	(2.0%)	2.0%	(5.9%)	(1.5%)	0.7%	(4.4%)	(4.2%)
Market Cap (AED Bn)	360.6	346.7	348.6	367.2	366.1	369.3	368.1	373.8	383.6	391.8	377.6	375.6
P/E (X) - TTM	9.37	9.30	9.50	10.15	10.17	9.99	10.04	9.44	9.23	9.11	9.16	8.70
P/BV (X) - TTM	1.13	1.11	1.13	1.21	1.24	1.22	1.25	1.18	1.17	1.17	1.10	1.05
Dividend Yield (%)	5.15%	5.18%	5.08%	4.74%	4.72%	4.84%	4.75%	5.03%	5.15%	5.14%	4.71%	6.53%
Volume (Mn Shares)	4,968.8	6,123.1	6,018.8	5,090.9	3,665.4	2,526.1	7,267.1	5,128.0	4,736.9	5,925.7	3,812.5	3,559.5
Value (AED Mn)	6,592.8	7,745.0	7,122.5	7,374.1	5,453.1	3,878.5	9,952.6	9,594.0	8,162.2	8,907.2	5,964.5	5,561.6
Trades	69,986	81,311	73,528	83,732	61,143	43,464	99,296	81,175	66,304	80,175	67,869	52,549

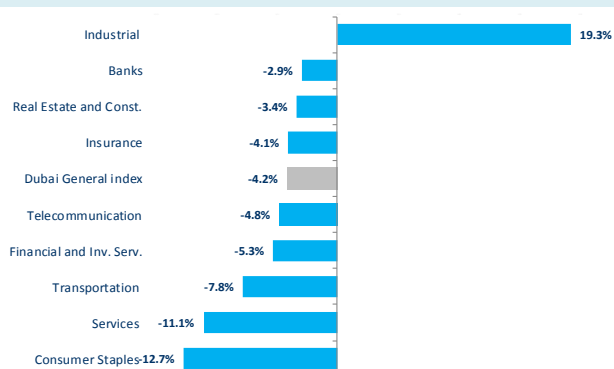
Source: Dubai Financial Market, KAMCO Research

After declining by 4.4% in Feb-18, the DFM index continued to decline in the month of Mar-18, and was the worst performing index in the GCC. The index declined by 4.2% m-o-m and closed at 3108.53 points, as all sectoral indices barring Industrials closed lower during Mar-18. Consumer Staples was the main laggard yet again after plunging by 12.8% in Feb-18, as the index further declined by 12.7% m-o-m in Mar-18 and is the worst performing index YTD. DXB Entertainment was again the main reason behind the decline, as the stock dropped by 12.4% m-o-m in Mar-18, after declining by 13.3% in Feb-18. The other large stock in the index, Dubai Refreshments also fell by 11.7% m-o-m. The Services index also fell by double digits (-11.1% m-o-m), as National General Cooling and Amanat Holdings closed significantly lower and witnessed declines of 13.4% and 9.5% respectively. The financials pack also saw m-o-m declines in Mar-18 as Financial and Investment Services names (-5.3%) led the move down, followed by the Insurance (-4.1%) and Banks (-2.9%) indices. The Industrials index was up by 19.3% m-o-m, single-handedly due to a 19.3% jump in the share price of National Cement, despite the company reporting a 2017 profit after finance income and expense and before share of associates decline of 39.5% y-o-y.

In earnings for 2017, DXB Entertainments reported total revenues of AED 552 Mn, of which AED 390 Mn was generated through the theme parks, AED 61 Mn by the Lapita Hotel and AED 53 Mn from retail. Total visits at Dubai Parks and Resorts during the year reached 2.3 Mn. The net loss for the year was AED 1.1 Bn driven in part by the AED 478 Mn in non-cash depreciation expense and costs relating to the AED 4.2 Bn debt taken for constructing and delivering Phase I of Dubai Parks and Resorts. The company further said that an agreement was reached with financing partners of Phase -1 to realign key terms of the debt, including a 3-year moratorium on covenant testing and principal repayments. Consumer Staples company Marka, which was amongst the worst performing stocks in the ADX reported total revenues of AED 99.6 Mn for 2017, as compared to AED 146.5 Mn in 2016. The company reported a net loss of AED 242.1 Mn, which includes provisions attributing to the company's restructuring program, while the net loss in 2016 came in at AED 151.0 Mn. Construction major DSI approved plans for the issuance of a convertible sukuk with an indicative value of minimum AED 450 Mn, to be converted to shares over a maximum period of 5 years, at AED 3/share or at a discount of 25% of market price..

In terms of monthly gainers, Emirates NBD led all stocks as its stock price gained by 21.5% m-o-m in Mar-18. National Cement and Arabian Scandinavian Insurance followed, as their stock prices moved up by 19.3% and 14.7% respectively. On the other hand, shares of Emirates Refreshments led the monthly losers chart as its share price declined by 18.6% m-o-m. Marka and Tabreed followed with declines of 14.3% and 13.4% respectively for the month. Emaar Properties was the most actively traded stock on the exchange as AED 0.97 Bn worth of stock was traded. GFH and Emirates NBD followed with value traded of AED 897 Mn and AED 538 Mn respectively. In terms of volumes traded, GFH led all stocks as 627 Mn shares were traded. Ithmaar Holding and Union Properties followed as 563 Mn and 352 Mn shares were traded on the exchange. Trading activity was marginally down in Mar-18 as value traded was down 6.8% m-o-m to reach AED 5.5 Bn, as against AED 5.9 Bn in Feb-18. Traded volumes in Mar-18 were down by 6.7% to reach 3.6 Bn shares as against 3.8 Bn shares in Feb-18.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
QE 20 Index	10,064.4	9,901.4	9,030.4	9,406.1	8,800.6	8,312.4	8,165.1	7,714.3	8,523.4	9,204.6	8,653.3	8,574.0
Monthly % Change	(3.1%)	(1.6%)	(8.8%)	4.2%	(6.4%)	(5.5%)	(1.8%)	(5.5%)	10.5%	8.0%	(6.0%)	(0.9%)
Market Cap (QAR Bn)	542.4	528.6	487.5	509.0	476.7	454.6	444.1	418.1	472.0	501.8	461.2	470.5
P/E (X) - TTM	14.42	13.76	12.80	13.58	12.80	12.18	11.92	11.15	12.79	13.70	12.23	12.21
P/BV (X) - TTM	1.40	1.35	1.26	1.30	1.21	1.15	1.11	1.04	1.19	1.22	1.11	1.12
Dividend Yield (%)	4.03%	4.14%	4.46%	4.29%	4.61%	4.73%	4.89%	5.25%	4.56%	4.63%	4.67%	4.67%
Volume (Mn Shares)	183.2	231.1	249.4	199.9	159.4	192.5	167.2	167.9	243.7	251.6	165.1	260.8
Value (QAR Mn)	4,680.8	5,936.2	6,565.8	5,475.5	3,744.8	4,000.9	3,621.6	4,253.0	4,414.0	6,087.8	3,948.1	6,447.5
Trades	62,981	70,499	73,211	72,354	49,557	48,956	51,506	68,307	76,196	97,166	66,867	89,162

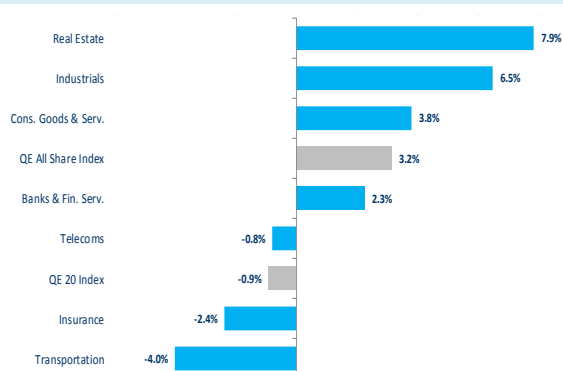
Source: Qatar Exchange, KAMCO Research

Qatar Exchange continued its decline in Mar-18, but remained relatively stable as compared to its other GCC counterparts and a sequential m-o-m basis. The QE 20 index declined by 0.9% m-o-m to close at 8573.99 points in Mar-18. The Qatar All Share index which maps the broader market however gained by 3.2% m-o-m, as sectoral performance included both gainers and losers for the month. Real Estate was the best performing index during Mar-18 as it gained by 7.9% m-o-m, driven by Ezdan Holding as the stock was up by 15.4% for the month. Industrials names also gained by 6.5% m-o-m, driven by Qatar Electricity & Water and Aamal as their stock prices jumped by 9.9% and 9.0% m-o-m. Transportation was the worst performing sectoral index as it declined by 4.0% m-o-m as all stocks in the index declined. Insurance names followed as the index declined by 2.4% m-o-m in Mar-18, as all stocks barring Doha Insurance (+1.4%) saw lower levels for the month.

Total net profit for companies listed on the Qatar Stock Exchange as of December 31, 2017 grew by 1.1% y-o-y and came in at QAR 38.56 Bn as compared to QAR 38.14 Bn for the corresponding period in 2016. In terms of foreign ownership limits (FOL), Qatar Petroleum announced raising the non-Qatari ownership limit in energy sector companies and in its subsidiaries listed on the Qatar stock Exchange to 49%, and raised the shareholder ownership limits in these companies to no more than 2%. As a result, Qatar Electricity and Water Company, WOQOD, Gulf International Services Company (GISS) and Mesaieed Petrochemical Holding Company will move to approve the increase in the foreign ownership limit to 49% in accordance with the applicable regulations and procedures. WOQOD will reportedly increase the shareholder ownership limit to 1%, while GISS and Mesaieed Petrochemical Holding Company will increase their limit to 2%. Separately Qatar Stock Exchange announced the trading the Al Rayan Qatar ETF, which will track the QE Al Rayan Islamic Index (Price) which is comprised of large and medium sized, Shari'a-compliant, listed Qatari companies.

Trading activity on the index picked up in all parameters, as value traded during Mar-18 increased by 63.3% to reach QAR 6.4 Bn, while traded volumes improved by 63.3% m-o-m to reach 260 Mn shares. In terms of trading activity, Qatar National Bank topped the monthly value traded chart with QAR 834 Mn worth of shares traded, followed by Qatar Insurance and Industries Qatar recording QAR 830 Mn and QAR 446 Mn in monthly value traded. In terms of volumes, traded Qatar First Bank led all stocks with traded volumes of 37.9 Mn shares. Vodafone Qatar and Qatar Insurance followed with traded volumes of 36.6 Mn shares and 23.1 Mn shares respectively. Banks and Financial Services sector was the most active in terms of value traded during Mar-18, accounting for 35.47% of the total value traded, followed by Industrials and Insurance sectors, as they accounted for 20.67% and 13.22% of the total value traded respectively. Zad Holding was the top performing stock in the index for the month as its share price surged by 29.5%. Ezdan Holding followed along with Qatar Cinema & Film Distribution, as their stock prices moved up by 15.4% and 11.1% respectively. On the other hand, shares of Doha Bank led the monthly losers chart with its stock losing 17.4% m-o-m. Qatar International Islamic Bank and Al Khaleej Takaful Group followed with declines of 16.5% and 16.3% respectively for the month.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Bahrain All Share Index	1,335.67	1,319.75	1,310.04	1,327.81	1,302.46	1,283.78	1,276.69	1,283.71	1,331.71	1,350.67	1,369.90	1,318.40
Monthly % Change	(1.5%)	(1.2%)	(0.7%)	1.4%	(1.9%)	(1.4%)	(0.6%)	0.5%	3.7%	1.4%	1.4%	(3.8%)
Market Cap (BHD Mn)	7,575	7,487	7,434	7,536	7,385	7,284	7,258	7,293	7,653	7,774	7,900	7,516
P/E (X) - TTM	9.60	9.30	9.27	9.62	8.75	8.64	8.52	8.51	8.65	8.70	9.89	9.46
P/BV (X) - TTM	0.86	0.85	0.85	0.86	0.86	0.82	0.82	0.82	0.84	0.86	0.83	0.78
Dividend Yield (%)	5.03%	5.10%	5.13%	5.05%	5.14%	5.21%	5.21%	5.18%	5.06%	4.98%	5.24%	5.45%
Volume (Mn Shares)	141.0	61.2	39.3	63.8	48.0	164.5	78.6	81.5	103.1	156.3	178.0	101.9
Value (BHD Mn)	19.4	14.3	9.3	13.3	10.3	13.1	18.6	15.2	16.8	25.1	31.0	36.8
Trades	1,684	1,146	926	1,443	1,250	1,484	2,146	1,763	1,854	2,257	1,871	1,303

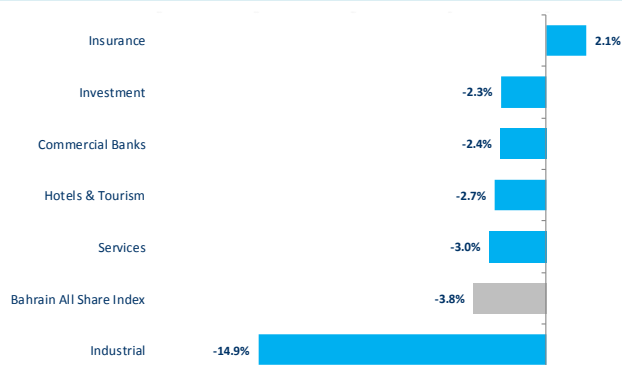
Source: Bahrain Bourse, KAMCO Research

After starting 2018 in the green for the first two months of the year, equities in Bahrain lost steam and was amongst the laggards in the GCC. The Bahrain Bourse dropped by 3.8% m-o-m for the month of Mar-18, as all sectoral indices barring the Insurance index closed in the red. The index closed at 1318.40 points at the end of the month. Market breadth was also weak as only 2 stocks gained ground during Mar-18, while 21 stocks saw lower levels as compared to their Feb-18 close prices. Industrials was the worst performing index, as it declined by 14.9% m-o-m in Mar-18, driven single-handedly by Aluminum Bahrain, as the stock plunged by 15.2% m-o-m. Commercial Banks was down 2.4% m-o-m, dragged down by AUB as the stock receded by 2.7% m-o-m. National Bank of Bahrain and Al Salam Bank also contributed to the fall as well with declines of 6.2% and 10.5% m-o-m. Investment companies lost 2.3% in Mar-18, as larger stocks in the index Arab Banking Corp (-1.6%), GFH (-3.9%) and Investcorp Bank (-4.9%) all lost ground during the month. The positive performance in the Insurance index was driven by a 20.8% gain in share price of Bahrain and Kuwait Insurance.

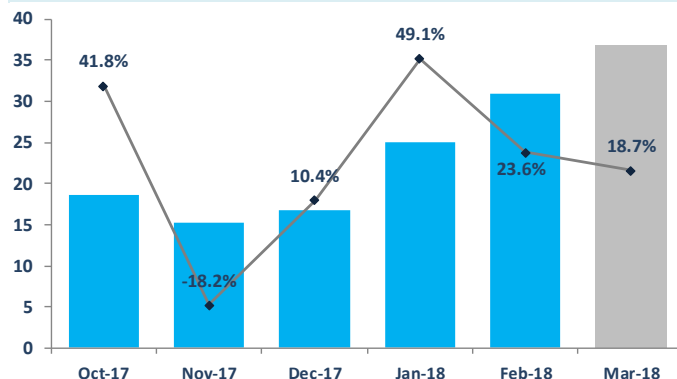
In corporate ratings action, Fitch Ratings downgraded Batelco's Long-Term Issuer Default Rating (IDR) to 'BB-' from 'BB+', but kept the Outlook as Stable. A higher rating for Batelco was limited by Bahrain's 'BB-' sovereign rating as the Bahraini government owns 77% of the company and exerts strong control over it. Nevertheless, Fitch expects a revenue growth for Batelco of 1.5% CAGR until 2020, EBITDA margin of around 34% and a capex (ex spectrum) of around 19% in 2018, declining to below 15% in 2020. In sovereign funding action, Bahrain decided against its conventional bond-sale as investors sought higher yields, as other GCC sovereign issuers were active in the market. Bahrain however raised USD 1 Bn from the sale of a 7.5-year sukuk at 6.875%, as against initial price guidance of around 7%. Total order book reportedly came in at around USD 2 Bn. In the IPO market, APM Terminals Bahrain, the operator of the Khalifa Bin Salman Port in Bahrain, plans to launch an initial public offer (IPO) for the port by the end of 2018. The Khalifa Bin Salman Port is a joint venture between APM Terminals International BV and YBA Kanoo Holdings of Bahrain and the operator plans to offer a 20% of its total equity through the IPO to the Bahraini public.

The exchange's figures of value and volumes traded in Mar-18 was mixed on an m-o-m basis, as compared to the Feb-18. Volumes traded in the exchange reached 101.9 Mn and declined by 42.5% m-o-m as compared to 177.3 Mn shares in Feb-18. Value traded went up by 18.7% in the exchange to reach BHD 36.8 Mn in Mar-18. However, the number of trades made in the exchange declined to 1,303 trades, a 30.4% m-o-m drop from Feb-18. AUB was the most actively traded stock in Mar-18 with BHD 29.3 Mn worth of its shares traded on the exchange. Aluminium Bahrain and GFH followed with BHD 1.4 Mn and BHD 1.2 Mn worth of shares traded. Only two stocks closed in the green in Mar-18 and Bahrain and Kuwait Insurance topped the gainers list, as it witnessed a 20.8% m-o-m increase, followed by Trafco with monthly gains of 2.5%. Aluminium Bahrain was the main laggard for the month of Mar-18, as it witnessed a m-o-m decline of 15.2%, followed by Al Salam Bank and Arab Insurance Group with monthly declines of 10.5% and 9.8% respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
MSM 30 Index	5,513.5	5,422.0	5,118.3	5,024.2	5,052.6	5,137.4	5,010.7	5,106.5	5,099.3	5,000.0	5,003.4	4,773.5
Monthly % Change	(0.7%)	(1.7%)	(5.6%)	(1.8%)	0.6%	1.7%	(2.5%)	1.9%	(0.1%)	(1.9%)	0.1%	(4.6%)
Market Cap (OMR Mn)	5,991	4,705	4,461	4,356	4,479	4,556	4,438	4,517	4,481	4,396	4,376	4,115
P/E (X) - TTM	10.76	10.72	10.21	10.22	10.53	10.70	10.63	11.05	11.04	10.85	11.01	10.77
P/BV (X) - TTM	1.07	1.05	0.99	0.93	0.94	0.95	0.93	0.95	0.95	0.90	0.88	0.85
Dividend Yield (%)	5.68%	5.80%	6.17%	6.20%	5.96%	5.90%	5.99%	5.88%	5.88%	5.87%	5.84%	6.00%
Volume (Mn Shares)	202.8	232.4	115.0	125.8	215.9	271.9	313.9	308.4	62.7	132.0	123.8	203.9
Value (OMR Mn)	45.2	43.4	29.2	36.8	52.6	53.9	68.3	114.0	19.4	30.3	30.7	61.6
Trades	10,204	9,848	5,549	6,528	7,306	5,615	7,923	7,073	3,537	6,760	7,964	7,729

Source: Muscat Securities Market, KAMCO Research

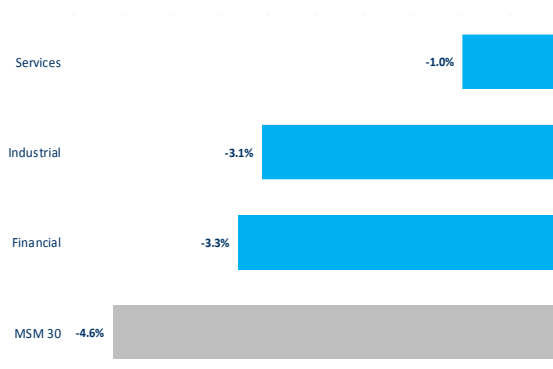
The weak trends in MSM indices continued during March-18 and worsened after the index broke the critical support level of 5,000 points right at the start of the month. The index reached the lowest point in almost a decade at 4,758.4 points during the month after all the three sectoral indices declined. The recovery in the last few trading session was only minimal pointing to further losses in the forthcoming sessions with the index losing 4.6% during the month and closing the Q1-18 with a decline of 6.4%. In terms of sector performance, the Financial index led the rout with a fall of 3.3% closely followed by the Industrial index that declined by 3.1%. The services sector witnessed the smallest decline of 1.0% during the month as well as for the first quarter that stood at -1.4%. The Financial index was also the worst performing in terms of Q1-18 returns recording a decline of 4.7% while the Industrial index declined by 3.5%. The decline in the Financial index was led by a decline in prices of large-cap companies in the sector. Shares of Bank Muscat declined by 11.6% in addition to shares of Bank Sohar (-1.3%), NBO (-12%), Ominvest (-12.2%) and Oman United Insurance (-10.6%).

The sell-off during the month led to higher trading activity leading to higher volumes and value traded. Monthly volumes in the regular market were up by 65% to reach 203 Mn as compared to 123.8 Mn shares during the previous month, while monthly value traded more than doubled to OMR 61.6 Mn as compared to OMR 30.7 Mn in February-17. Al Jazeera Steel Products topped both the volume and value charts for the month with 66.7 Mn shares changing hands during the month valued at OMR 17 Mn. Bank Muscat came second on both the charts with 42.1 Mn shares worth OMR 16.7 Mn. Oman Telecom followed with 10.9 Mn shares worth OMR 10.3 Mn. The financial sector continued to account for the bulk of trading during the month recording 39.3% of total monthly trades or OMR 24.2 Mn followed by Industrial sector at 33.9% or OMR 23.9 Mn.

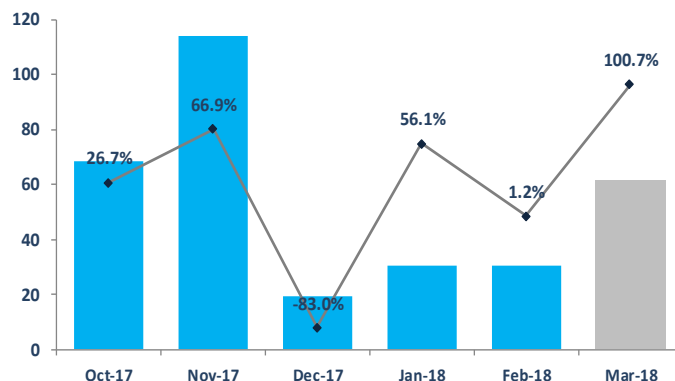
The monthly gainers chart included merely four stocks from the regular market with Al Jazeera Services topping the list with a return of 5.3%, followed by Al Sharqia Inv, and Oman Investment and Finance with gains of 1.7% and 0.8%, respectively. On the decliners chart, National Gas topped with a fall of 17.2%, although trades were minimal in the stock at OMR 0.4 Mn. Oman Telecom was the second-biggest decliner recording a fall of 16.3% on weak full year earnings. In terms of investor participation, local Omani investor's were net buyers during the month while the rest of the three categories (GCC, Foreign and Arab Investors) were net sellers. Omanis net investment in the market stood at OMR 17.5 Mn with OMR 79.8 Mn or 82.3% of buy trades as compared to OMR 62.2 Mn or 64.5% of sell trades.

On the economic front, Oman's nominal GDP reportedly grew at a much faster pace of 10.1% y-o-y during 9M-17 backed by rising oil prices. As a result, GDP growth for the hydrocarbon sector stood at 23.9%, while that of the non-hydrocarbon sector was recorded at 4.9%. Diversification efforts is said to have resulted in the latter's growth after two years of consecutive declines. Nevertheless, the growing optimism didn't deter rating agency Moody's from downgrading the Sultanate's sovereign rating by one notch to Baa3, citing larger fiscal deficits and the ongoing weakening of the economy on the back of subdued expected growth in the coming years.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

Disclaimer & Important Disclosures

KAMCO is authorized and fully regulated by the Capital Markets Authority ("CMA, Kuwait") and partially regulated by the Central Bank of Kuwait ("CBK")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, KAMCO did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

KAMCO Ratings

KAMCO investment research is based on the analysis of regional and country economics, industries and company fundamentals. KAMCO company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- * **Outperform:** Target Price represents expected returns $\geq 10\%$ in the next 12 months
- * **Neutral:** Target Price represents expected returns between -10% and $+10\%$ in the next 12 months
- * **Underperform:** Target Price represents an expected return of $< -10\%$ in the next 12 months

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. KAMCO policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by KAMCO and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. KAMCO has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which KAMCO is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

KAMCO Investment Company (DIFC) Limited ("KAMCO DIFC") is regulated by the Dubai Financial Services Authority (DFSA). KAMCO DIFC may only undertake the financial services activities that fall within the scope of its existing DFSA licence. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA, and no other person should act upon it.'

Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

Conflict of Interest

KAMCO and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of KAMCO may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. KAMCO may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other KAMCO business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of KAMCO's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

No Liability & Warranty

KAMCO makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. KAMCO will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.



KAMCO Investment Company - K.S.C. (Public)

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : Kamcoird@kamconline.com

Website : <http://www.kamconline.com>